



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
<http://cao.co.la.ca.us>

DAVID E. JANSSEN
Chief Administrative Officer

July 20, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TWENTY-YEAR LEASE
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
725 SOUTH GRAND AVENUE, GLENDORA
(FIFTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached 20-year lease (including purchase option and a right to cancel after year 10) with Grand Glendora Services, LLC (Lessor) for the Department of Children and Family Services (DCFS) for 109,018 square feet of office and storage space and a minimum of 490 parking spaces comprising the entire facility located at 725 South Grand Avenue, Glendora, at an initial maximum annual rental rate of \$2,927,404, subject to annual adjustments to the operating expense portion of the rent. The rental costs are approximately 87 percent subvented by State and Federal funds.
2. Authorize the Internal Services Department (ISD), or the Lessor, at the direction of the Chief Administrative Officer (CAO), to acquire telephone, data and low voltage systems for DCFS at a cost not to exceed \$1,600,000. All or part of the telephone, data and low voltage systems may be paid in lump sum or financed over a five-year term not to exceed \$374,683 per year, in addition to the other Tenant Improvement (TI) allowances.
3. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County, approve the Negative Declaration and find that the project will have no adverse effect on wildlife resources and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

4. Authorize the CAO, DCFS and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and the rent will not commence until completion of the improvements by the Lessor and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since August 1989, the County has leased 89,513 rentable square feet of office space with appurtenant parking at 800 South Barranca Avenue, Covina. The building houses DCFS' Services Bureau I, which serves the large client population in Azusa, Baldwin Park, Basset, El Monte, South El Monte, and La Puente, as well as other communities in the San Gabriel Valley, and the Revenue Enhancement Bureau. Over the past year, the ownership of the existing facility has submitted two separate demands to increase the rent which were approved by your Board on September 9, 2003 and March 30, 2004. The County is currently on a fixed term lease due to expire on September 30, 2005.

Over the past 15 years that DCFS has been housed in the facility the space has become overcrowded and the building's low voltage systems for phone and data have become obsolete and no longer meet the day-to-day information and communication requirements of the programs housed in the building. An effort was made to negotiate an upgrade of the low voltage systems with the ownership of the building. The ownership was unable to offer the County any means to effectuate the needed improvements to the building communication infrastructure including related TIs and furniture. Consequently, DCFS requested that alternate housing opportunities be explored to meet the current space and telecommunication requirements of the programs.

A site search of the nearby communities within the Fifth District (northeast San Gabriel Valley) yielded limited prospective sites that could adequately meet program requirements. The proposed building, previously used as retail space, will be converted from retail to office and storage space to meet program requirements. The ownership will provide extensive upgrades to the building including seismic retrofit as part of the base building at its sole cost and expense. A base TI allowance of \$30 per square foot is included in the rental rate, and the ownership has agreed to provide an additional reimbursable TI allowance of \$55 per square foot, plus an additional discretionary allowance of \$15 per square foot, for a total of \$70 per square foot, to enable the County to achieve the desired build-out for office use. The proposed facility will be used to house approximately 587 DCFS full-time employees of the two Bureaus involved, as well as approximately 9,000 square feet of storage space.

The proposed 20-year lease term will afford DCFS the opportunity to spread out the amortized cost of the reimbursable TIs. If DCFS cancels after the tenth year of the lease, any unamortized TIs will be paid in lump sum by the department.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we improve the workplace environment in order to enhance quality and productivity (Goal 2, Strategy 2) and that we strengthen the County's fiscal capacity (Goal 4). We are housing a subvended program in a leased space that will meet the telecommunication requirements of the program and provide a lease term structured to meet the fiscal requirements and budget constraints of the department.

FISCAL IMPACT/FINANCING

Proposed New Lease	725 South Grand Avenue, Glendora
Area	109,018 rentable square feet
Term	Twenty years, commencing upon Board's approval and completion of the tenant improvements
Annual Base Rent ⁽¹⁾	\$1,569,859 (\$1.20 /sf/month)
Annual Operating Rent ⁽¹⁾	\$ 536,369 (\$0.41 /sf/month)
Total Rent (excluding TI)	\$2,106,228 (\$1.61 /sf/month)
Included in Base Rent	\$ 3,270,540
Additional TI	\$ 5,995,990
Additional Discretionary TI	\$ 1,635,270
Change Order	<u>\$ 550,000</u>
Maximum TI Allowance	\$11,451,800
Maximum Annual Rent ⁽²⁾	\$ 2,927,404 (\$2.24 /sf/month)
Cancellation	After the 10th year upon 180 days written notice and payment of the unamortized balance of the Additional TI.
Parking (included in Rent)	A minimum of 490 parking spaces.

(1) All rents shown herein exclude utilities. Utilities are estimated, pursuant to BOMA, to cost an additional \$2.34 per square foot annually, or \$255,102 annually for the facility.

(2) Includes the amortization of the Additional TI, the Discretionary TI and the Change Order Allowances (\$5,995,990 + \$1,635,270 + \$550,000= \$8,181,260) amortized at eight percent (8%) interest over the lease term, thus, resulting in annual payment of \$821,176. The County also has the option to pay for these allowances, in whole or in part, in lump sum payment.

The maximum initial rental cost of the proposed full-service lease, net utilities, will be \$2,927,404 annually, which is approximately 87 percent offset by Federal and State subvention. This maximum annual rent is approximately \$0.6 million greater than the current rent of \$2.36 million.

Sufficient funding for the proposed lease is included in the 2004-05 Rent Expense Budget and will be charged back to the department. Sufficient funding is available in DCFS' operating budget to cover the projected lease costs.

The total estimated purchase costs for the telephone, data and low voltage systems are not to exceed \$1,600,000 and may be paid in lump sum payment or financed over a five-year term in an amount not to exceed \$374,683 per year by DCFS. Should the Lessor be able to provide the telephone, data and low voltage systems at or below County's cost, the recommendation herein allows for the payment of these costs to the Lessor and, at the discretion of the CAO, all or part of these costs may be paid in a lump sum payment to ISD or the Lessor.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed 20-year lease will provide approximately 109,018 rentable square feet of office space along with a minimum of 490 parking spaces. The lease contains the following provisions:

- Twenty-year term commencing 30 days after completion of the TIs by the Lessor and acceptance by the County.
- An annual base space rental rate of \$1,569,859, fixed for the first ten years, and subject to a one-time Consumer Price Index adjustment at the beginning of the 11th year capped at 20 percent, or an average of two percent annually.
- An annual operating expense rent of \$536,369 covering all costs associated with County's occupancy except utilities. This portion of the rent is subject to annual adjustments, based on actual increases capped at five percent, with adjustment to actual costs every fifth year.
- A base TI allowance of \$3,270,540 (\$30 per square foot) is included in the rental rate.

- An additional TI allowance of \$5,995,990 (\$55 per square foot), as well as a discretionary TI allowance of \$1,635,270, or a total of \$7,631,260, are also included, subject to amortization at the rate of eight percent over the term, or payment, in whole or in part, in lump sum payment. The additional TI allowances were broken-up in this manner to allow closer scrutiny by the CAO.
- A change order allowance of \$550,000 is included subject to the same amortization as the additional TI.
- A cancellation provision allowing the County to cancel at anytime after the tenth year of the term upon a 180 days notice to Lessor and the reimbursement of the unamortized balance of the additional tenant improvements.
- Two options to extend the term, for five-years each, at the same terms, conditions and rental rate.
- A purchase option at a declining balance at the end of the original term and each of the two options to renew.

CAO Real Estate staff surveyed the area to determine the availability of comparable and more economic sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement. Attachment B shows all County-owned and leased facilities within the search area for this program and there are no County-owned or leased facilities for these programs.

Based upon a rental survey of similar properties within the northeastern San Gabriel Valley area, staff has determined that the annual rental range is between \$18 and \$24 per rentable square foot on a full-service, net utilities basis. Thus, the initial annual rental rate of \$19.32 per square foot is within the market range for the area surveyed.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on June 16, 2004. After careful review, the Commission approved the lease.

The Honorable Board of Supervisors
July 20, 2004
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The Department of Public Works (DPW) has inspected the facility to determine its suitability for County's use. Although DPW found that the building currently does not meet its seismic requirements, the Lessor has agreed to retrofit the building, at his own cost and expense, to meet County standards.

ENVIRONMENTAL DOCUMENTATION

The CAO has made an initial study of the environmental factors and has concluded that this project will have no significant impact on the environment and no adverse effect on wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Initial Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration, as posted, are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

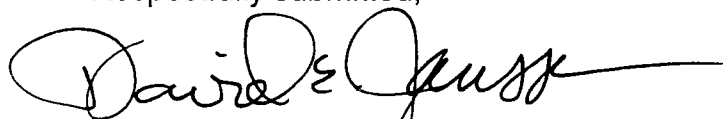
It is the finding of the CAO and DCFS that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DCFS concurs with this lease recommendation.

The Honorable Board of Supervisors
July 20, 2004
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CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease and two certified copies of the Minute Order, and the adopted, stamped Board letter to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:CWW
CEM:MS:hd

Attachments (4)

c: County Counsel
Auditor-Controller
Children and Family Services
Internal Services Department

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
SERVICES BUREAU I AND REVENUE ENHANCEMENTS
725 SOUTH GRAND AVENUE, GLENDORA**

Asset Management Principles Compliance Form¹

1. Occupancy		Yes	No	N/A
A	Does lease consolidate administrative functions? ² Administrative functions will remain centralized at DCFS Headquarters. Revenue Enhancement is an administrative function that will remain in the area for convenience of existing staff.		X	
B	Does lease co-locate with other functions to better serve clients? ² This is a stand alone DCFS Regional office.		X	
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sf of space per person? ²	X		
2. Capital				
A	Should program be in leased space to maximize State/Federal funding?	X		
B	If not, is this a long term County program?	X		
C	Is it a net County cost (NCC) program? 87% State and Federally funded / 13% NCC.		X	
D	If yes to 2 B or C; is it a capital lease or operating lease with an option?	X		
E	If no, are there any suitable County-owned facilities available?			X
F	If yes, why is lease being recommended over occupancy in County-owned space?			X
G	Is Building Description Report attached as Attachment B?	X		
H	Was build-to-suit or capital project considered? No, because of the availability of lease space.		X	
3. Portfolio Management				
A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?			X
D	Why was this program not co-located?			
	1. ___ The program clientele requires a stand alone facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. <u>X</u> No County-owned facilities available for the project.			
	4. ___ Could not get City clearance or approval.			
	5. ___ The Program is being co-located.			
E	Is lease a full service lease? ² Due to the length to the terms and concern over the volatility of utilities costs, Lessor would not agree to assume the responsibility for the utilities.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval? Lessor will retrofit the building seismically to comply with DPW criteria, outside the TI allowances.	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
725 SOUTH GRAND AVENUE, GLENDORA**

**SEARCH AREA WITHIN THE FIFTH DISTRICT BOUNDARIES
(NORTHEAST SAN GABRIEL VALLEY)**

LACO	FACILITY NAME	ADDRESS	GROSS SQUARE FEET	NET SQUARE FEET	OWNERSHIP	AVAILABLE SQUARE FEET
Y464	PUBLIC LIBRARY DUARTE LIBRARY	1301 BUENA VISTA AVE DUARTE 91010	10,048	8,860	OWNED	NONE
A307	PW-INC CITY OFFICE (BRADBURY)	600 WINSTON AVE (CITY HALL) BRADBURY 91010	0	0	GRATIS USE	NONE
A081	PW-INC CITY OFFICE (DUARTE)	1600 HUNTINGTON DR (CITY HALL) DUARTE 91010	0	0	GRATIS USE	NONE
A530	DCSS-GLENDORA ADULT PROTECTIVE SERVICES	130 W ROUTE 66, GLENDORA 91740	2,070	1,863	LEASED	NONE
0095	PW ROAD-DIV #518 MAINTENANCE YARD OFFICE	161 N VALENCIA ST GLENDORA 91741	660	594	OWNED	NONE
A089	BOARD OF SUPERVISORS' 5TH DISTRICT FIELD OFFICE	615 E FOOTHILL BLVD SAN DIMAS 91773	1,292	1,048	LEASED	NONE
4408	CAMP GLENN ROCKEY ADMINISTRATION BUILDING	1900 N SYCAMORE CANYON RD SAN DIMAS 91773	5,083	3,585	OWNED	NONE
4388	CAMP AFFLERBAUGH ADMINISTRATION BUILDING	6631 N STEPHENS RANCH RD LA VERNE 91750	3,715	1,983	OWNED	NONE
3180	CAMP AFFLERBAUGH WASTE WATER TREATMENT OFFICE	6631 N STEPHENS RANCH RD LA VERNE 91750	82	70	OWNED	NONE
4382	CAMP PAIGE ADMINISTRATION BUILDING	6601 N STEPHENS RANCH RD LA VERNE 91750	3,715	1,983	OWNED	NONE
4177	DHS-EAST AREA ENVIRONMENTAL HEALTH PROGRAMS	1435 WEST COVINA PKWY WEST COVINA 91790	8,500	4,096	OWNED	NONE
4982	PUBLIC LIBRARY WEST COVINA REGIONAL LIBRARY	1601 WEST COVINA PKWY WEST COVINA 91790	42,345	14,717	OWNED	NONE
X257	WEST COVINA COURTHOUSE	1427 WEST COVINA PKWY WEST COVINA 91790	115,964	68,306	OWNED	NONE
A344	DCFS-REGION I COVINA SERVICES OFFICE ANNEX	1373 E CENTER COURT DR COVINA 91724	29,525	28,050	LEASED	NONE
A800	DCFS-REGION I HEADQUARTERS COVINA SVCS OFFICE	800 S BARRANCA AVE COVINA 91723	89,513	76,603	LEASED	NONE
A088	PUBLIC LIBRARY CHARTER OAK LIBRARY	20540 E ARROW HWY COVINA 91724	2,500	2,500	LEASED	NONE
A478	SHERIFF-NORTH REG SURVEILLANCE & APPREHENSION	2239 E GARVEY AVE N. WEST COVINA 91791	1,989	1,890	LEASED	NONE
A059	WEST COVINA REGIONAL SERVICES BUILDING	2934 E GARVEY AVE WEST COVINA 91791-2191	57,633	50,369	LEASED	NONE
5941	AG COMM-BONELLI FIELD OFFICE COMFORT STN #3	250 VIA VERDE SAN DIMAS 91773	764	282	OWNED	NONE
X561	BONELLI-REGIONAL PARK HEADQUARTERS BUILDING	120 VIA VERDE SAN DIMAS 91773	2,646	1,322	OWNED	NONE
4135	BRACKETT FIELD ADMINISTRATION BUILDING-1	1615 W MCKINLEY AVE LA VERNE 91750	9,393	3,693	OWNED	NONE
Y478	PUBLIC LIBRARY LA VERNE LIBRARY	3640 D ST LA VERNE 91750	10,347	8,486	OWNED	NONE
5673	PUBLIC LIBRARY SAN DIMAS LIBRARY	145 N WALNUT AVE SAN DIMAS 91773	13,628	11,421	OWNED	NONE
F437	PW FLOOD PUDDINGSTONE OFFICE	150 E PUDDINGSTONE DR SAN DIMAS 91773	240	216	OWNED	NONE
6312	PUBLIC LIBRARY CLAREMONT LIBRARY	208 N HARVARD AVE CLAREMONT 91711	22,921	17,447	OWNED	NONE
B011	ALT PUB DEF WEST COVINA OFFICE	1501 W CAMERON AVE WEST COVINA 91790	607	607	LEASED	NONE

FILED

MAY 11 2004

CONNOR B. MCCORMACK, COUNTY CLERK

L. CERVANTES

DEPUTY

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE

NEGATIVE DECLARATION

I. Location and Description of the Project

The proposed project is for the County of Los Angeles to lease an existing facility located at 725 South Grand Avenue, Glendora, California, which will be used by the Department of Children and Family Services (DCFS) to provide their services to the communities of East San Gabriel Valley. The facility, located in the Fifth Supervisorial District approximately 26.5 miles North/Northeast from the Los Angeles Civic Center, comprises approximately 110,000 rentable square feet of office in a free standing one-story building. DCFS shall have use of the entire surface parking lot adjoining the facility. This lot is capable of accommodating a minimum of 490 parking spaces.

II. Finding of No Significant Effect

Based on the attached initial study, it has been determined that the project will not have a significant effect on the environment.

III. Mitigation Measures

None required.

THIS NOTICE WAS POSTED
ON MAY 11 2004
UNTIL JUN 11 2004
REGISTRAR-RECORDER/COUNTY CLERK

04 0009897

INITIAL STUDY

I. Location and Description of Project

The proposed premises are located at 725 South Grand Avenue, in the Fifth Supervisorial District approximately 26.5 miles north/northeast of the Los Angeles Civic Center and approximately 0.4 mile north of the Foothill (I-210) Freeway, and approximately 5 miles east of the San Gabriel River (I-605) Freeway. (See attached map)

The building to be used is privately owned and was used as commercial retail space since its construction in 1967. Located at the site is a surface parking lot to serve the subject facility. This lot is capable of accommodating over 490 exclusive off-street parking spaces. The parking lot may be redesigned, if desired at a later date, to accommodate more cars.

The project consists of leasing this facility for 20 years to house the DCFS Service Bureau III serving the constituency in the East San Gabriel Valley and Revenue Enhancements Bureau which is providing Countywide programs. It is anticipated that an average of 620 employees will be occupying the premises with the maximum employee occupancy anticipated to be 650 per day. In addition to the employees, it is anticipated that an average of 60 members of the public per day will be visiting the facility for purposes of receiving services. These services include foster parents vouchers and child placements. Except for enclosing the front entrance comprising 1,850 sq.ft. of space, no expansion of existing premises beyond what is currently existing will occur for this project and no alterations, except for interior alterations, will be performed for this project.

II. Compatibility with General Plan

This project site is identified by the City of Glendora as GDC3 in the City's General Plan and the City has indicated that the proposed project is in compliance with the Master Plan.

III. Environmental Setting

The project site is located in an area of commercial properties that back into residential type facilities. The site includes approximately 7.67 acres of developed property. The site is bordered by Grand Avenue on the East side, Mauna Loa Avenue on South side, residential properties on the West side, and a commercial building and Alostia Avenue on the North side.

IV. Identification of Environmental Effects

- A. The impact of the proposed project on existing land forms will be negligible as no excavation, utility lines, sewer lines or water lines will be necessary. A negligible amount of reshaping of the soil will take place by removing the existing loading dock.
- B. The project will not conflict with adopted environmental plans and goals of the City of Glendora.
- C. The project will not have a substantial demonstrable negative aesthetic effect on the proposed site. The existing facility will continue to be maintained as part of the lease arrangement.
- D. No rare or endangered species of animal or plant or the habitat of the species will be affected by the project. Nor will it interfere substantially with the movement of any resident fish or wildlife species or migratory fish or wildlife species.
- E. The project will not breach published national, state or local standards relating to solid waste or litter control.
- F. Development will not substantially degrade water quality, contaminate water supply, substantially degrade or deplete ground water resources, or interfere substantially with ground water recharge.
- G. There are no known archeological sites existing at the project site.
- H. The proposed project will not induce substantial growth or concentration of population.
- I. The project will not cause a substantial increase to existing traffic beyond that experienced when the property was occupied by its previous owner/tenant. Nor will it affect the carrying capacity of the present street system. This property was previously utilized as a commercial retail space with a greater number of vehicles accessing the property. The County's use is in conformance with uses intended and approved by the City of Glendora.
- J. The project will not displace any persons from the site.
- K. The project will not substantially increase the ambient noise levels to adjoining areas. Noise generated by the proposed County use does not exceed that previously experienced in the area when occupied by private tenants.
- L. The proposed project will not cause flooding, erosion or siltation.

- M. The project will not expose people or structures to major geologic hazards.
- N. The project will not expand a sewer trunk line. All necessary utilities are available currently to the facility.
- O. No increased energy consumption is anticipated by the County's use of the premises.
- P. The project will not disrupt or divide the physical arrangement of established community; nor will it conflict with established recreational, educational, religious or scientific uses of the area.
- Q. No public health or safety hazard or potential public health or safety hazard will be created by this project.
- R. The project will not violate any ambient air quality standard, contribute substantially to an existing or projected air quality violation, or expose sensitive receptors to substantial pollutant concentrations.

V. Discussions of Ways to Mitigate Significant Effects

The proposed project is not expected to create any significant effects on the environment. To mitigate any effects upon the surrounding community the following measures will be implemented:

- A. None Required.

VI. Initial Study Preparation

This study was prepared by Maurice Salama of the Los Angeles County Chief Administrative Office, Real Estate Division. This study was completed on May 11, 2004.

NEGATIVE DECLARATION

Department Name: Children and Family Services
Project: East San Gabriel Valley Region I Services Center

Pursuant to Section 15072, California Environmental Quality Act and California Administrative Code Title 14, Division 6

1. **Description of Project**

The leasing of an existing commercial building to be used by the County of Los Angeles, Department of Children and Family Services as the East San Gabriel Valley Region Office.

2. a. **Location of Project** (plot plan attached)

725 South Grand Avenue
Glendora, CA 91740-4141

b. **Name of Project Proponent**

County of Los Angeles
Chief Administrative Office
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012

3. **Finding for Negative Declaration**

It has been determined that this project will not have a significant effect on the environment based on information shown in the attached Environmental Information Form dated May 11, 2004, which constitutes the Initial Study of this project.

4. **Initial Study**

An Initial Study leading to this Negative Declaration has been prepared by the Chief Administrative Office and is attached hereto.

5. **Mitigation Measures Included in Project**

None required.

Date
05/11/04

Real Property Agent
Maurice Salama

Telephone
(213) 974-4157

DATE POSTED - MAY 11, 2004

NOTICE OF PREPARATION OF NEGATIVE DECLARATION

This notice is provided as required by the California Environmental Quality Act and California Administrative Code Title 14 Division 6, Section 15072 (a) (2) B.

A Negative Declaration has been prepared for this site based on an Initial Study which consists of completion and signing of an Environmental Information Form showing background information as follows:

1. Name of Proponent - County of Los Angeles
 Chief Administrative Office
2. Address/Phone No. - 222 South Hill Street, 3rd Floor
 Los Angeles, California 90012

 Agent Telephone
 Maurice Salama (213) 974-4157
3. Date Information Form Submitted - May 11, 2004
4. Agency Requiring Information Form - Los Angeles County
 Chief Administrative Office
5. Name of Proposal, if Applicable - East San Gabriel Valley Region I
 Services Center, Department of Children
 and Family Services
6. Address of Facility Involved - 725 South Grand Avenue
 Glendora, CA 91740-4141

Interested parties may obtain a copy of the Negative Declaration and the completed Environmental Information Form/Initial Study by contacting the Real Property Agent indicated under 2. above and referring to the proposal by name or to the facility by address.

Si necesita informacion en espanol, por favor de comunicarse con Carlos Marquez, (213) 974-4163, para asistencia en obtener una traduccion.

(neg)
05/11/04

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
LANDLORD: GRAND GLENDORA SERVICES, LLC**

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COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this ____ day of _____, 2004, by and between GRAND GLENDORA SERVICES, LLC, a California Limited Liability Corporation, hereinafter referred to as the Landlord, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Tenant,

W I T N E S S E T H:

1. BASIC LEASE INFORMATION

The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

(a) <u>Landlord's Address for Notice:</u>	Grand Glendora Services, LLC David A. Parker, Managing Member P.O. Box 3944 Glendale, CA 91221-0944
(b) <u>Tenant's Address for Notice:</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, CA 90012
(c) <u>Premises:</u>	Approximately 109,018 rentable square feet comprising the entire Building, situated on the property legally described in <u>Exhibit A</u> attached hereto the "Property").
(d) <u>Building:</u>	The building located at 725 South Grand Avenue, Glendora, CA 91740.
(e) <u>Term:</u>	Twenty (20) years commencing thirty (30) days after Tenants's acceptance of the Premises as defined in Section 3(a) (the "Commencement Date"); and terminating at midnight on the day before the twentieth anniversary of the Commencement Date (the "Termination Date") subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the term hereof" as used in this Lease, or words of similar import, shall refer to the Original Term of this Lease together with any additional Extension term for which an Option has been exercised.
(f) <u>Projected Commencement Date:</u>	October 1, 2005
(g) <u>Commencement Date:</u>	_____
(h) <u>Irrevocable Offer Expiration Date:</u>	July 31, 2004

(i) <u>Basic Space Rent:</u>	\$130,821.60 per month (which is based upon a rental rate of \$1.20 per rentable square foot not subject to adjustment during the Lease Term).
(j) <u>Operating Expenses Rent:</u>	\$44,697.38 per month (which is based upon a rate of \$0.41 per rentable square foot, subject to adjustments as provided in Section 20 herein.
(k) <u>Early Termination Notice Date:</u>	After the tenth anniversary of the Lease Commencement Date, upon ninety (90) days written notice to Landlord and the reimbursement of the unamortized balance of the <u>Additional</u> Tenant Improvements Allowance.
(l) <u>Rentable Square Feet in the Premises:</u>	109,018
(m) <u>Tenant Proportionate Share:</u>	100%
(n) <u>Initial Department Use:</u>	Children and Family Services
(o) <u>Use:</u>	General office use or for any other lawful purposes not incompatible with other uses in the surrounding buildings.
(p) <u>Parking Spaces:</u>	Minimum of 490 spaces.
(q) <u>Normal Working Hours:</u>	7:00 am to 7:00 pm, Monday through Friday and 9:00 am to 2:00 pm on Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by the County of Los Angeles.
(r) <u>Asbestos Report:</u>	A report dated May 26, 2004 prepared by Orswell & Kasman, Inc., a certified California Asbestos Consultant.
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u>	
(a) <u>Base Tenant Improvement Allowance:</u>	\$3,270,540 (\$30/sq.ft), in addition to Landlord's obligations pursuant to the Work Letter
(b) <u>Additional Tenant Improvement Allowance:</u>	\$5,995,990 (\$55/sq.ft)
(c) <u>Discretionary TI Allowance:</u>	\$1,635,270 (\$15/sq.ft.)

(d) <u>Maximum Change Order Allowance:</u>	\$550,000
(e) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	Eight percent (8%) per annum.
(f) <u>Basic Rent Reduction:</u>	None
(g) <u>Tenant's Work Letter Representative:</u>	Manuel Martinez (213) 974-4162, or Maurice Salama (213) 974-4157
(h) <u>Landlord's Work Letter Representative:</u>	David A. Parker (213) 534-3248
(i) <u>Landlord's Address for Work Letter Notice:</u>	800 West Sixth Street, 5 th Floor Los Angeles, CA 90017
(j) <u>Tenant's Address for Work Letter Notice:</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 282 500 West Temple Street Los Angeles, California 90012 <u>With a copy to:</u> Chief Administrative Office Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
1.3 <u>Exhibits to Lease:</u>	Exhibit A - Floor Plan of Premises Exhibit B- Legal Description of Property Exhibit C - Commencement Date Memorandum and Confirmation of Lease Terms Exhibit D - HVAC Standards Exhibit E - Cleaning and Maintenance Schedule
1.4 <u>Landlord's Work Letter:</u> Executed concurrently with this Lease and made a part hereof by this reference.	Landlord's Work Letter Addendum A: Base Building Improvements Addendum B: Tenant Improvements Addendum C: Form of Budget Addendum D: Costs of Tenant Improvements
1.5 <u>Supplemental Lease Documents:</u>	Document I: Subordination, Non- Disturbance and Attornment Agreement Document II: Tenant Estoppel Certificate Document III: Community Business Enterprises Form Document IV: Memorandum of Lease Document V: Request for Notice of Default

2. DESCRIPTION OF PREMISES:

The Landlord, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Tenant, upon the following terms and conditions, hereby leases to the Tenant, and the Tenant hereby hires and takes of and from the Landlord, those certain premises located at 725 South Grand Avenue, in the City of Glendora, County of Los Angeles, State of California, legally described in the attached Exhibit A, and more particularly described as follows:

A free standing one-story building comprising approximately 109,018 rentable square feet of office space located at the above address together with the entire on-site surface parking lot configured to accommodate a minimum of 490 vehicles.

The Premises shall consist of approximately 109,018 rentable square feet (excluding from the calculations rooftop mechanical room, if any), and approximately 490 on-site surface parking spaces. Landlord represents that 109,018 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above. Tenant has verified independently the square footage of the lease premises and agrees with Landlord's representation.

3. TERM:

A. Original Term

The term of this Lease shall be for a period of Twenty (20) years beginning upon completion of improvements by Landlord evidenced by the issuance of a Certificate of Occupancy (or a Temporary Certificate of Occupancy), or a final sign-off, if applicable by the City of Glendora, pursuant to Paragraph 26 and acceptance thereof by the Tenant, but in no event later than September 30, 2005 and ending twenty years thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until said Tenant accepts the improvements to be performed by Landlord. Should there be any delays beyond the control of the Landlord, then the Lease commencement date may be adjusted accordingly upon the mutual consent of Tenant and Landlord. Said acceptance and commencement of rent shall not occur any earlier than thirty (30) days after completion of construction of the telephone intrabuilding network cable (INC) if applicable, and the telephone equipment room, including permanent power and HVAC, in compliance with the attached plans and specifications referenced as Exhibit "B". Additionally, said acceptance and commencement of rent shall not occur any earlier than 15 days after receiving a notice from Landlord indicating that all tenant improvements required have been completed in compliance with the attached plans and specifications (Exhibit "B") and the space is ready for beneficial occupancy. In the event Tenant conducts a walkthrough and it is determined by Tenant, at Tenant's sole discretion, that the tenant improvements have not been completed, or the space is not ready for Tenant's occupancy, then, Tenant shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Landlord shall be required to provide Tenant with another notice, and Tenant shall not accept the space any sooner than fifteen (15) days from the date of the second notice. The process may be repeated until the tenant improvements are completed and the space is ready for Tenant's occupancy. Tenant shall

not unreasonably withhold its approval. Tenant hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Landlord and Tenant shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "C" following commencement of the Lease term subject to any remaining minor punch-list items. The Chief Administrative Officer, is hereby authorized to sign on behalf of Tenant.

B. Option Term

Tenant shall have two (2) options to renew this Lease for a period of five (5) year each, under the same terms, conditions and rental rate as contained herein. Tenant, by Chief Administrative letter, shall notify Landlord in writing not less than ninety (90) days prior to expiration of the Original Lease Term of Tenant's intention to exercise its option. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

4. RENT:

The Tenant hereby agrees to pay as rent for said demised Premises during the term the sum of ONE-HUNDRED SEVENTY-FIVE THOUSAND FIVE HUNDRED EIGHTEEN DOLLARS AND 98/100 DOLLARS (\$175,518.98) per month, i.e., \$1.61 per rentable square foot per month, payable in advance by Auditor's General Warrant. Said rent comprises a Base SPACE RENT of ONE HUNDRED THIRTY THOUSAND EIGHT HUNDRED TWENTY-ONE DOLLARS AND 60/100 (\$130,821.60) per month, i.e., \$1.20 per rentable square foot per month, and an Operating Expenses Rent of FORTY-FOUR THOUSAND SIX HUNDRED NINETY-SEVEN DOLLARS AND 38/100 (\$44,697.38) per month, i.e., \$.41 per rentable square foot per month. Rental payments shall be payable within fifteen days after the first day of each and every month of the term hereof provided Landlord has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

Tenant may request Landlord to provide a day porter. In such an event, Tenant shall pay Landlord the additional rent of \$2,800 per month, for this service. This amount shall be subject to adjustments during the Term by the Consumer Price Index.

5. USE:

Landlord agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Tenant as office/clinic space for Department of Children and Family Services and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Tenant may desire.

6. CANCELLATION

Tenant shall have the right to cancel this Lease at or any time after the one hundred twentieth (120th) month by giving Landlord not less than one hundred eighty (180) days prior written notice by Chief Administrative Office letter. Within sixty (60) days of such cancellation, Tenant shall reimburse to Landlord the unamortized balance of the Additional Tenant Improvements expended at Tenant's request pursuant to Paragraph 27 herein.

7. HOLDOVER

In case Tenant holds over beyond the end of the term provided with the consent express or implied of Landlord, such tenancy shall be for two (2) month periods only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of Paragraph 4 (RENT) of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

8. DAMAGE OR DESTRUCTION:

Landlord agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Tenant's occupancy, as determined by Tenant's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Tenant shall surrender the Premises and shall not be obligated for any further rental and Landlord shall refund any unearned rent paid in advance by Tenant calculated at a daily rate based on the regular monthly rental.

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of net usable area of the Premises, then Landlord shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the Premises, then Tenant shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Landlord to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may give Landlord fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Landlord.

Tenant shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased Premises

rendered unusable to Tenant bears to the whole rentable thereof. Tenant shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Tenant's employees.

9. TENANT'S FIXTURES:

Landlord agrees that the Tenant may remove, at its own expense, during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Tenant, or under its authority.

10. REPAIR, MAINTENANCE AND REPLACEMENT:

10.1 This Lease is a full service lease.

Therefore, Landlord agrees to repair, maintain and replace as necessary at Landlord's own expense the entire interior and exterior of the Premises. Landlord's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air conditioning system and fire sprinklers, if applicable. As part of Landlord's responsibilities for maintaining the Premises, Landlord shall provide for (1) furnishing and maintaining sewer services and trash removal, and (2) janitorial supplies (including restroom supplies, and kitchenette paper supply) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "D".

10.2 Failure to Repair

In the event Landlord should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 10A herein within five (5) days after written notice has been served by Tenant, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Tenant at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Landlord, or the Tenant at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

10.3 Return of Premises

Tenant agrees to return said Premises to Landlord in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted.

10.4 Replacement

In the event that items specified in Paragraph 10A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Landlord shall replace said items at its own expense, subject to the provisions of Paragraph 8.

11. UTILITIES

Tenant agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, electricity, gas, and other lighting, heating, and power and other utility rents and charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

12. LANDLORD'S ACCESS

Tenant agrees to permit the Landlord, or Landlord's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

13. DEFAULT

13.1 Default by Tenant

Tenant agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Tenant to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Landlord to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Landlord shall/ have such other rights or remedies as may be provided by law. Landlord may not terminate the Lease if (1) Tenant cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Tenant reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

13.2 Default by Landlord

Landlord shall not be in default in the performance of any obligation required to be performed under this Lease unless Landlord has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Tenant specifying in detail Landlord's failure to perform or within such shorter period of time as may be specified herein. Tenant may terminate this Lease upon Landlord's default of any material obligation upon giving of thirty (30) days written notice of

termination. In addition thereto, Tenant shall have such other rights or remedies as may be provided by law. Tenant may not terminate the Lease if (1) Landlord performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Landlord reasonably commences to cure the default within the thirty (30) day period (or shorter specified period pursuant to Paragraphs 8 10, 17, 22, 23 and 24) and diligently and in good faith continues to cure the default.

Tenant shall not exercise any of its rights under this Section, other than its rights to give notice, until Tenant gives notice to any person who has requested in writing notice of Landlord's default, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Landlord is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Landlord would be entitled.

If Landlord or such person does not cure the default, Tenant may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Tenant is permitted to cure the default under the terms of this Lease, and elects to do so, then Tenant shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

13.3 Request for Notice of Default

Landlord shall obtain prior to the Tenant's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Landlord, requesting that the County be notified of any Notice of Default filed by any of Landlord's lenders, to the address of County as specified in Section 16 of this Lease.

13.4 Receipt of Notice

Notwithstanding anything in Section 16 herein to the contrary, receipt of notice under this Section shall be conclusively presumed to have occurred on the earliest of the date of:

1. Personal delivery to Landlord or to Landlord's agent or employee at Landlord's place of business, or to a resident over eighteen (18) years of age at Landlord's residence.
2. The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
3. Ten (10) days after deposit of notice to the address stipulated in Section 16, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Section 16, but delivery has been refused or the notice otherwise returned without delivery.

14. ASSIGNMENT SUBLETTING

Tenant shall have the right to assign this lease or sub-lease the Premises so long as the intended use is consistent and compatible with the other tenancies within the building, if any, and/or surrounding buildings; provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which consent shall not be unreasonably withheld if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

15. ALTERATIONS

Landlord and Tenant agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Tenant may make non-structural alterations without Landlord's prior written consent.

Any alterations installed by Tenant which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement

16. NOTICES

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Landlord as follows:

Grand Glendora Services, LLC
David A. Parker, Managing Member
Box 3944
Glendale, CA 91221-0944
Los Angeles, CA 90025

or such other place as may hereinafter be designated in writing by the Landlord except that Landlord shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Tenant as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, CA 90012
Attention: Director of Real Estate

17. CONDEMNATION

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Landlord, to the extent it is compensation for the taking of the fee or as severance damages. Tenant shall be entitled to that portion of the award, if any, attributable to Tenant's trade fixtures and improvements and for the bonus value of Tenant's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Tenant's request to the extent that Tenant has reimbursed Landlord for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Landlord shall use the proceeds of the condemnation received by Landlord to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Landlord to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Tenant to cancel this Lease by giving Landlord fifteen (15) days advance written notice of such cancellation, or Tenant, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Landlord. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date Landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Landlord shall notify Tenant in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation, Tenant may cancel this Lease.

The parties agree that Landlord and Tenant shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Landlord shall use his best effort to provide Tenant with four hundred and ninety (490) exclusive off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises. Tenant may at its sole discretion negotiate with Landlord for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Landlord to provide a minimum of four hundred and ninety (490) spaces at all times shall entitle Tenant to cancel this Lease by giving Landlord fifteen (15) days' advance written notice of such cancellation.

18. INDEMNIFICATION AND INSURANCE REQUIREMENTS

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

18.1 Indemnification

Landlord shall indemnify, defend and hold harmless Tenant, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Landlord's ownership, repair, maintenance and other acts and/or omissions arising from and/or relating to the Premises.

Tenant shall indemnify, defend and hold harmless Landlord, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Tenant's use of the Premises.

18.2 Waiver

Both the Tenant and Landlord each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

18.3 General Insurance - Landlord Requirements

Without limiting Landlord's indemnification of Tenant and during the term of this Lease, Landlord shall provide and maintain the programs of insurance set forth in Paragraph 17. D., Insurance Coverage Types and Limits - Landlord Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Tenant, and such coverage shall be provided and maintained at Landlord's own expense.

(a) Evidence of Insurance

Certificate(s) or other evidence of coverage satisfactory to Tenant shall be delivered to the Chief Administrative Office, Real Estate Division, 222 S. Hill Street, 4th floor,

Los Angeles, CA 90012 Attn: Director of Real Estate upon execution of this Lease. Such certificates or other evidence shall:

- a. Specifically identify this Lease.
- b. Clearly evidence all coverages required in this Lease.
- c. Contain the express condition that Tenant is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- d. Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Tenant as an additional insured.
- e. Identify any deductibles or self-insured retentions exceeding \$25,000.

18.4 Failure to Maintain Coverage

(a) Review of Insurance Requirements

The types of insurance and limits required under this Lease shall be reviewed annually by the Landlord or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Tenant's approval. Insurance is to be provided by an insurance company acceptable to Tenant with an A.M. Best rating of not less than A:VII, unless otherwise approved by Tenant.

Failure by Landlord to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Tenant shall constitute a material breach of the Lease pursuant to Paragraph 13.2, Default by Landlord. Alternatively, at its sole option, Tenant may purchase such required insurance coverage, and without further notice to Landlord, deduct any premium costs advanced by Tenant for such insurance from any rental payments next due to Landlord.

(b) Insurance Coverage Types and Limits - Landlord Requirements:

General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Complete Operations Aggregate:	\$ 2 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

(c) Commercial Property insurance. Such insurance shall:

(a) Cover damage to Landlord's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.

(b) Be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Landlord and the Tenant as their interests may appear and be utilized for repair and restoration of the Premises. Failure by Landlord to use such insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease pursuant to Paragraph 12B, Default by Landlord.

(c) Include a Waiver of Subrogation in favor of Tenant.

18.5 General Insurance - Tenant Requirements

During the term of this Lease, Tenant shall maintain a program of insurance coverage as described below. Tenant, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Landlord after execution of this Lease at Landlord's request.

18.6 Insurance Coverage Types and Limits - Tenant Requirements

General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:	\$ 2 million
Products/Completed Operations Aggregate:	\$ 1 million
Personal and Advertising Injury:	\$ 1 million
Each Occurrence:	\$ 1 million

Landlord shall be an Additional Insured (or its equivalent) with respect only to liability arising from Tenant's sole negligence in its use of the leased Premises.

18.7 Workers Compensation and Employers' Liability insurance

Providing workers compensation benefits as required by the Labor Code of the State of California, and including Employers' Liability coverage with limits of not less than the following:

Each Accident:	\$1 million
Disease - policy limit:	\$1 million
Disease - each employee:	\$1 million

19. TAXES

Landlord shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this Lease or any renewal or holdover period thereof.

In the event Landlord fails or refuses to pay any or all of the taxes or assessments when due, Tenant may give Landlord thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due to Landlord.

20. RENTAL ADJUSTMENT/INCREASE IN OPERATING EXPENSES RENT

(a) The term "Base Year" means the 12 months commencing three (3) calendar months after Tenant has accepted the Premises pursuant to Section 1 of this Lease and/or the Work Letter. If, in any calendar year during the term of this Lease, the "Operating Costs" (as hereinafter defined) paid or incurred by Landlord shall be higher than the Operating Costs for the Base Year, Tenant shall pay an additional sum for such and each subsequent calendar year equal to the product of Tenant's Proportionate Share multiplied by such increased amount of Operating Costs. In the event this Lease shall terminate on any date other than the last day of a calendar year, the additional sum payable hereunder by Tenant during the calendar year in which this Lease terminates shall be prorated on the basis of the relationship which the number of days which have elapsed from the commencement of said calendar year to and including said date on which this Lease terminates bears to three hundred sixty-five (365). Operating Costs shall include the following:

(i) Property taxes and special assessments, excluding any increase in the same as a result of change of ownership, which increase shall be Landlord's responsibility.

(ii) HVAC and other utility repair and maintenance costs and the replacement of all building systems and component thereof with a life cycle of less than twenty (20) years (but not replacement of the Building itself);

(iii) the cost of ordinary, normal repairs and general maintenance and cleaning of the Building;

(iv) the cost of fire, public liability and property damage insurance for the Building;

(v) rental cost on all tools, machinery and equipment used in connection with the Premises and materials and supplies used in maintenance and repair of the Premises; and

(vi) wages, salaries and other labor costs paid to employees and independent contractors actually and reasonably engaged by Landlord to maintain and operate the Building, but solely to the extent such costs are reasonably expended and are allocable for the normal operation of the Building and, to the extent Landlord or its employees performs such services or expends such costs, are not in excess of the current market rates for such services.

- (b) **Maximum Increases** Operating Costs shall not increase more than Five percent (5%) in any year. Notwithstanding the foregoing, the initial Operating Expenses shall be adjusted every five (5) years to reflect the billable operating expense at the end of every fifth year during the Term of this Lease or any option or holdover period or extension thereof.
- (c) **Impermissible Operating Costs.** All other costs of owning, operating and maintaining the Building and Premises shall be paid by Landlord. These shall include, by way of example and without limitation, (and the following costs shall not be included within Operating Costs):
- (i) any taxes including advalorem real property taxes and assessments which accrue and are payable during the Term and which are the result of a re-assessment of the asset as a result of change of ownership (the term "taxes" herein shall include any inheritance, estate, succession, transfer, gift, franchise, or capital stock tax, or any income taxes arising out of or related to ownership and operation of income-producing real estate, or any excise taxes imposed upon Landlord based upon gross or net rentals or other income received by it). Tenant shall be responsible for all the advalorem real property taxes and special assessments levied against the Building, and are **not** the result of change of ownership. Landlord shall be responsible for all other taxes including but not limited to inheritance, estate, succession, transfer, gift, franchise, or capital stock tax, or any income taxes;
 - (ii) costs, fines or penalties occasioned by the act, omission or violation of law by Landlord, any other occupant of the Building (other than Tenant), or their respective agents, employees or contractors;
 - (iii) costs relating to repairs, alterations, improvements, and equipment which must be capitalized under generally accepted accounting principles, including, without limitation, capital expenditures and improvements hereafter made or required by law to be made to the Premises or which are hereafter required to make the Premises or the Building comply with applicable laws, regulations or ordinances, including, but not limited to the Americans With Disabilities Act (except to the extent that such costs reduce Operating Costs, in which case the amortization of such costs over their useful life may be included as an Operating Cost in an amount not to exceed any actual reduction in Operating Costs realized by such costs);
 - (iv) costs for which Landlord has a right of reimbursement from others;
 - (v) costs to correct any construction defect in the Premises or the Building, or to comply with any CC&R, underwriter's requirement or law applicable to the Premises or the Building;
 - (vi) costs of any renovation, improvement, painting or redecorating of any portion of the Building not made available for Tenant's use;
 - (vii) fees, commissions, attorneys' fees, auditing fees, brokerage fees or commissions, and other costs incurred in connection with negotiations or disputes with any other current, past, or prospective occupant or tenant of the Building or in preparing, negotiating or enforcing leases or lease-related documents such as

guarantees, estoppels, non-disturbance agreements, termination agreements, amendments, subleases, assignments, and the like;

(viii) costs arising from the violation by Landlord or any occupant of the Building (other than Tenant) of the terms and conditions of any lease or other agreement, and any rental concessions or buyouts or tenant relocations;

(ix) interest, charges and fees incurred on debt, payment on mortgages and rent under ground leases, and costs expended in connection with any sale, hypothecation, financing, refinancing, or ground lease of the Building or of the Landlord's interest therein;

(x) any depreciation or amortization for any of the real or personal property associated with the Premises or Building, including any leasehold improvements, any reserves for any purpose, any bad debt, rent loss, or reserves for bad debt or rent loss;

(xi) advertising, promotional costs, costs related to artwork, or market study fees;

(xii) insurance deductibles and co-insurance payments and increases in insurance costs caused by the activities of any other occupant of the Building;

(xiii) costs incurred to remove or remediate any hazardous substances from the Building and any judgments, fines, penalties, or other costs incurred in connection with any hazardous substance exposure or release, except to the extent that the foregoing is caused by the illegal storage, use or disposal of the hazardous substance in question by Tenant;

(xiv) wages, salaries, compensation, and labor burden for any employee not stationed in the Building on a full-time basis or above the level of Landlord's Building Manager or any fee, profit or compensation retained by Landlord or its affiliates for management and administration of the Building in excess of the management fee which would be charged by an independent professional management service for operation of comparable projects in the vicinity, and Landlord's general overhead or any other expense not directly related to the Building;

(xv) management fees greater than three percent (3%) of the total Operating Costs less such management fees, Common Area maintenance charges, taxes and insurance costs;

(xvi) any governmental fines, penalties, or interest imposed on Landlord, and any costs related to public transportation, transit, or vanpool, unless imposed by governmental authority or at the request of Tenant;

(xvii) costs and expenses for which Tenant reimburses Landlord directly or which Tenant pays directly to a third person;

(xviii) costs, expenses, taxes, and insurance allocable or related to portions of the Building which are not designated for commercial use or which are not part of the common use areas;

(xix) costs in connection with leasing space in the Building, including brokerage commissions;

(xx) expenses incurred by Landlord in order to correct any existing (as of the Commencement Date) violations of any law, ordinances, requirements, orders, directives, rules and regulations of federal, state, county and city governments and of all other governmental authorities having or claiming jurisdiction over the Building, including, without limitation, the Americans with Disabilities Act and any of said laws, rules and regulations relating to environmental, health or safety matters;

(xxi) all costs and expenses of providing any above-standard service to any tenant or occupant of, or to any leaseable area in, the Building, e.g., overtime HVAC, supplemental chilled or condensed water, extra cleaning or overtime elevator service in excess of that required under this Lease to be provided to Tenant free of separate or additional charge;

(xxii) all costs and expenses of any special events (e.g., receptions, concerts) for which Landlord charges a fee or receives income and all costs and expenses relating to any dining or eating facility, or any athletic, fitness or recreational club or facility; and

(xxiii) any other expense which, in accordance with generally accepted accounting principles consistently applied, would not normally be treated as expenses by landlords of comparable buildings.

(d) **Estimate of Operating Costs.** On or before the Commencement Date and on or before January 1 of each year after the year in which the Commencement Date occurs, Landlord shall reasonably estimate the Operating Costs for the following year, per rentable square foot in the Building, as determined by dividing Landlord's estimate of Operating Costs by the number of rentable square feet in the Building (as specified in Article 1). Commencing on the Commencement Date, and in addition to Tenant's obligations to pay the Basic Rent and other sums hereunder, Tenant shall pay to Landlord on each date a payment of Basic Rent is due from January through December inclusive, one-twelfth (1/12) of the amount of said estimate of per square foot Operating Costs [to the extent such estimate exceeds the Operating Costs in the Base Year], multiplied by Tenant's Proportionate Share.

(e) **Reconciliation of Operating Costs.** Within ninety (90) days after the expiration of each calendar year, Landlord shall furnish Tenant with a statement of the actual Operating Costs of the Building. In the event the sum of the payments made by Tenant during the preceding calendar year pursuant to this Section exceeds the amounts which Tenant would have been obligated to pay if the actual Operating Costs for such year were used in lieu of Landlord's estimates thereof in calculating Tenant's payments under this Section, the difference shall be credited by Landlord to Tenant's account against the next payments owed by Tenant under the provisions of this Section or, if the Lease has terminated, the difference shall be paid to Tenant within thirty (30) days of determination. In the event the sum of payments made by Tenant during the preceding calendar year pursuant to this Section is less than the amount which Tenant would have been obligated to pay if the actual Operating Costs for such year were used in lieu of Landlord's estimates thereof, in calculating Tenant's payments under this Section, Tenant shall pay the

amount of such difference to Landlord within sixty (60) days after receipt of a demand by Landlord accompanied by a statement of the actual Operating Costs for such year. If Landlord does not submit such reconciliation statement on or prior to one hundred twenty (120) days following the expiration of each calendar year, it shall waive the right to collect any deficiency in payments made by Tenant for such year.

- (f) **Audit.** Tenant shall be entitled from time to time to audit and verify the operations of the Building and/or the related books and records of Landlord to ensure that the Operating Costs reported by Landlord are in keeping with the provisions of this Section. In the event of any dispute or error relating to the Operating Costs, Tenant may withhold any disputed payment on its part until resolution of such dispute, provided, however, that no payment on the part of Tenant shall prejudice any or all of its rights under this Section. In the event of any errors, the appropriate party shall make a correcting payment in full to the other party within thirty (30) days after the determination and communication of the amount of such error. In the event of any errors on the part of Landlord in excess of three percent (3%), Landlord shall also reimburse Tenant, within such thirty (30) day period, for all costs of such audit and verification reasonably incurred by Tenant.
- (g) **Adjustment to Operating Costs.** If the occupancy of the Building in any calendar year during the Term (including the Base Year) is less than 100%, then with respect to such calendar year, Landlord shall reasonably adjust those components of Operating Costs which vary with occupancy in order to determine the amount of Operating Costs that would have been incurred in such calendar year had the Building been 100% occupied, and Additional Rent shall be calculated based upon Operating Costs as so adjusted.

21. BINDING ON SUCCESSORS:

Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Landlord, and wherever the context permits or requires, the successors in interest to the Tenant.

22. PARKING SPACES:

Landlord at its sole cost and expense shall provide for the exclusive use by Tenant during the term of this Lease and Agreement or any renewal or holdover period as the case may be, the entire parking lot appurtenant to the subject premises capable of accommodating a minimum of four hundred and ninety (490) off-street in-and-out parking spaces. No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County policy. Tenant reserves the right to redesign the parking to accommodate more vehicles.

Landlord shall use his best effort to provide Tenant with four hundred and ninety (490) exclusive spaces at all times at all times.

Failure of the Landlord to provide a minimum of four hundred and ninety (490) spaces at all times shall entitle Tenant to cancel this Lease and Agreement by giving Landlord fifteen (15) days advance written notice of such cancellation.

23, HAZARDOUS MATERIALS:

23.1 Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

23.2 Warranties and Representations

- (a) Landlord hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Landlord shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Landlord shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulation.
- (b) Tenant hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

23.3 Notice

Landlord and Tenant agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

23.4 Indemnity

(a) Landlord agrees to indemnify, defend and save Tenant, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Tenant.

(b) Tenant agrees to indemnify, defend and save harmless Landlord from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which

arise out of the presence of hazardous substances on the Premises caused by Tenant.

(c) The indemnity provided each party by this provision shall survive the termination of this Lease.

23.5 Default

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Tenant and which threatens the health and safety of Tenant's agents, officers, employees or invitees, as determined by Tenant's sole and reasonable discretion, and which are not cured by Landlord within 24 hours shall entitle Tenant to immediately terminate this Lease. In the event of such termination, Tenant shall not be obligated for any further rental and Landlord shall refund any unearned rent paid in advance by Tenant calculated at a daily rate based on the regular monthly rental.

23.6 Operating Costs

Costs incurred by Landlord as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Tenant are extraordinary costs not considered normal operating expenses and shall not be passed through to Tenant as part of its obligation, if any, to pay operating expenses.

23.7 Asbestos Notification

Landlord represents, based upon a professional inspection of the subject Premises conducted by Orswell & Kasman, Inc., a certified California Asbestos Consultant, and their report dated May 26, 2004, copy of which is hereby acknowledged received by the County, that the subject Premises contain no asbestos containing materials, as reflected in the report. Should asbestos be discovered at a later date, Landlord agrees, prior to commencement of construction of the tenant improvements pursuant to Paragraph 27 herein, to abate, at Landlord's sole cost and expense, all asbestos containing materials, and provide Tenant with an updated report from a licensed California Asbestos Contractor to that effect.

Landlord agrees to notify (County/Tenant) at least annually of Landlord's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is part. Such notification shall comply with Health and Safety Code Sections 25915 et seq as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

23.8 Indoor Air Pollution Notification

Landlord represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) he Landlord will deliver to Tenant/County copies of any such complaints received; c) to the best of his Landlord's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) he Landlord will notify Tenant/County if any

indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at his Landlord's sole cost and expense.

24. GENERAL PROVISIONS

24.1 Waiver

The waiver by Landlord or Tenant of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

24.2 Marginal Headings

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

24.3 Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

24.4 Recordation

This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "H". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Tenant's expense.

Tenant shall, within thirty (30) days of the lease termination, upon Landlord's request, execute and deliver to Landlord a quitclaim deed to the Premises, in recordable form, designating Landlord as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

24.5 Quiet Possession

Upon Tenant paying the rent hereunder Tenant shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Tenant at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Landlord, attorn to and become the Tenant of the successor in interest to Landlord.

24.6 Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

24.7 Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure

materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

24.8 Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

24.9 Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

24.10 Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

24.11 Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Landlord under the provisions of Paragraph 9A herein are protected by warranties or guarantees the Tenant shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

24.12 Impairment of Title

Landlord hereby covenants to notify Tenant in writing within thirty (30) days of each and every occurrence which may impair Landlord's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Landlord further agrees to notify Tenant, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

24.13 Construction

Any and all construction pertaining to this Lease and Agreement by Landlord or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

24.14 Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Landlord or Tenant, pursuant to the laws of the State of California.

24.15 Community Business Enterprise

Landlord is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Landlord shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "F", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

24.16 Lobbyists

Landlord and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Landlord, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Landlord or any County lobbyist or County lobbying firm retained by Landlord to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

25. WARRANTY OF AUTHORITY

Each of the undersigned signatories for the Landlord thereby personally covenant, warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Tenant from all damages, costs, and expenses, which result from a breach of this material representation.

26. ESTOPPEL CERTIFICATE

Either party shall at any time upon not less than thirty(30) days' prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing in the form of the attached Exhibit "J " (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance

27. TENANT IMPROVEMENTS

27.1 Tenant Improvement Allowance:

Landlord within ten (10) days after receipt of a duly executed copy of this Lease document and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements which are to be provided by Landlord up to a maximum cost of \$3,270,540.00 (\$30.00 per square foot) as estimated by Landlord. Should said tenant improvements cost less, then Landlord shall pass on such savings to Tenant in the form of a rent reduction over the term of the Lease at the rate of Eight and 3644/10,000 Dollars (\$8.3644) per month for each One Thousand Dollars (\$1,000.00) of savings. Additionally, Landlord, at Landlord's sole cost and expense, and not as part of the above allowance shall provide the items specified in the Work Letter attached herein as Exhibit "Z".

27.2 Additional Tenant Improvement Allowance:

In the event that the tenant improvement cost exceeds \$3,270,540.00 (\$30.00 per square foot), Tenant may authorize Landlord after review of estimates and written approval of the Chief Administrative Officer to pay the overage up to a maximum total of \$9,266,530 (\$85.00 per square foot), including the base allowance. Tenant agrees to reimburse Landlord for tenant improvement cost above \$30.00 per square foot, and will amortize said cost at the rate of 8% per annum over a period of twenty (20) years. The Tenant may at anytime during the Lease term pay Landlord in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Landlord will notify Tenant of the tenant improvement final cost, and the amount payable monthly by Tenant in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Landlord shall provide to Tenant, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Glendora, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "E" with the right to audit these costs for a period of Twenty-four months from the date of completion and acceptance by Tenant of the tenant improvements.

In the event Tenant requests a rent reduction due to its audit of these costs, Tenant shall provide Landlord with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications No. _____ dated _____, 20__ and No. _____ dated _____. Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "B" and incorporated herein by reference thereto and Landlord has a duplicate copy. Landlord shall provide any final working drawings required from said preliminary plans with Tenant having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Landlord shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements plus a copy of the as-built plans in an Auto CAD DFX file, together with the existing plans, in possession of Landlord, showing the locations of any underground utility lines and their depths.

The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Landlord must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Landlord's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Tenant's special requirements shall be included as part of the tenant improvement allowance.

The Landlord shall submit three bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

27.3 Discretionary Tenant Improvement Allowance

Additionally, at the discretion of the CAO, or his/her designee, the CAO may authorize Landlord after review of estimates and approval of the CAO, to pay an additional discretionary allowance of \$1,635,270 (i.e., \$15.00 per square foot) ("Discretionary Tenant Improvement Allowance") above the Base Allowance of \$30.00 per square foot and the Additional Tenant Improvement Allowance of \$55.00 per square foot for above-standard tenant improvements. The amount of Discretionary Tenant Improvement Allowance, together with interest at eight percent (8%) per annum, shall be repaid by Tenant, not as part of Base Rent, but as additional rent due and payable under the Lease, in 240 equal monthly installments on the first day of each month during the Lease Term and shall be repaid by Tenant to Landlord pursuant to the provisions set forth subparagraph 27.2 above. Tenant may, at any time during the Lease Term, prepay Lessor, in a lump sum payment, the Discretionary Tenant Improvement Allowance. Landlord will notify Tenant of the final cost of such discretionary tenant improvements, and the amount payable monthly by Tenant in addition to the base rent. For purposes of ascertaining the actual cost of said discretionary tenant improvements, Landlord shall provide to Tenant, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of Glendora, a detailed breakdown of the total costs of the discretionary tenant improvements in the form of the attached Exhibit "D" with the right of Tenant to audit these costs for a period of eighteen (18) months from the date of commencement of the term of this Lease.

27.4 Completion

The parties agree that the estimated time for completion of said tenant improvements is 180 days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "G". Landlord shall file for a building permit to construct the improvements within ten (10) days of

completion of final working drawings and acceptance by Tenant, and diligently pursue to obtain the permit as soon as possible.

Additionally, Landlord shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and specifications referenced above as Exhibit "B" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date. Completion may be delayed by:

- (d) Acts or omissions of Tenant or of any employees or agents of Tenant (including change orders in the work), or
- (e) Any act of God which Landlord could not have reasonably foreseen and provided for, or
- (f) Any strikes, boycotts or like obstructive acts by employees or labor organizations which Landlord cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
- (g) Any war or declaration of a state of national emergency, or
- (h) The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

27.5 Change Orders

All Tenant requested and approved change orders shall not exceed a total cost of Five Hundred and Fifty Thousand Dollars and No/100 (\$550,000.00) and Landlord shall not be required to accept any particular change order if the total cost of prior Tenant initiated change orders exceeds Five Hundred and Fifty Thousand Dollars and No/100 (\$550,000.00). The Chief Administrative Officer, is hereby authorized to approve change orders on behalf of Tenant. Tenant may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over a period of twenty (20) years including interest at the rate of eight percent (8%) per annum, i.e., Eight and 3644/10,000 (\$8.3644) per month for each ONE THOUSAND DOLLARS (\$1,000.00) of change order costs. Landlord, or Landlord's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Tenant shall have the right to audit the cost of the changes for a period of twenty-four months from the date of completion and acceptance by Tenant of the tenant improvements. In the event Tenant requests a rent reduction due to its audit of these costs, Tenant shall provide Landlord with a copy of the audit summary as part of its request.

27.6 Tenant Remedies

If Landlord fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed

within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Tenant may, at its option:

- (i) Cancel the Lease upon thirty (30) days written notice to Landlord; or
- (j) Upon thirty (30) days written notice to Landlord, assume the responsibility for providing the tenant improvements itself.

If Tenant elects to provide tenant improvements itself, then:

- (a) Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of constructing the tenant improvements and for any other purposes reasonably related thereto.
- (b) Rent shall be reduced by Tenant's total expense in constructing the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 7%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's total expense shall be fully amortized in equal monthly amounts over 20 years, including interest at 8% annually.

28. ASSIGNMENT BY LANDLORD

Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Paragraph 28 shall be void.

28.1 Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements or Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.

28.2 Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the

circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.

28.3 Landlord shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

28.4 Landlord shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this paragraph. The provisions of this Paragraph 27 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Paragraph 27 Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not. **Additionally, Landlord shall not encumber the property with any lien, deed of trust or mortgage where the remaining balance at the end of the term may exceed the purchase option provided Tenant pursuant to Paragraph 32 herein.**

29. CONSIDERATION OF GAIN PROGRAM PARTICIPANTS

Should Landlord require additional or replacement personnel after the effective date of this Agreement, Landlord shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Landlord.

30. SOLICITATION OF CONSIDERATION

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Landlord with the implication, suggestion or statement that the Landlord's provision of the consideration may secure more favorable treatment for the Landlord in the award of the lease or that the Landlord's failure to provide such consideration may negatively affect the County's consideration of the Landlord's submission.

A Landlord shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's

Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Landlord's submission being eliminated from consideration.

31. LIMITATION OF AUTHORITY

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Landlord may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Landlord which are subject to reimbursement by County. **County shall not reimburse Landlord for any expenses which exceed this ceiling.**

32. PURCHASE OPTION

Provided Tenant has not exercised its right to cancel this Lease and Agreement pursuant to Paragraph 6 herein, Landlord hereby grants to Tenant the option to purchase the fee simple title to the real property and improvements legally described in Paragraph 1 of this Lease and Agreement at the end of the Original Term, for the sum of Eight Million Three Hundred Seventy-Six Thousand Six Hundred and Fifty and NO/100 Dollars (\$8,376,650.00), at the end of the first renewal option, provided Tenant has exercised its option and continued to occupy the Premises, for the sum of Seven Million Eight Hundred and Three Thousand Seven Hundred and NO/100 Dollars (\$7,803,700.00), and at the end of the second renewal option, provided Tenant has exercised its option and continued to occupy the Premises, for the sum of Seven Million Two Hundred Seventy Six Thousand Five Hundred and NO/100 Dollars (\$7,276,500.00). Tenant shall complete the public notice requirements of Government Code Section 25350, or the statute then prevailing, prior to consummating the purchase.

Tenant shall notify Landlord in writing of its intention to exercise the option at least sixty (60) days prior to the end of the term, or any of the option periods. The actual exercise of the option shall be only by the County Board of Supervisors. In the event Tenant so exercises its option, escrow shall be opened forthwith by Tenant with an escrow holder of Tenant's choice. (The escrow may be accomplished through the escrow unit of the Chief Administrative Office.) Landlord shall deposit therein all necessary documents including but not limited to a grant deed for the purpose of effecting a transfer of ownership between Landlord and Tenant. Tenant shall thereafter deposit into such escrow all of the consideration and purchase price to be paid by Tenant and funds from Landlord in order to enable the escrow holder concurrently with the close to pay and discharge the unpaid obligations secured by any deed of trust or other encumbrance, if any. Escrow fees or costs shall be shared equally by both parties. Tenant shall continue to pay rent pursuant to the provisions of this Lease until the close of escrow or until ninety (90) days beyond the end of

the term, whichever occurs first. Escrow shall be extended for the number of days of delay for which Tenant is responsible. In the event of such extension beyond ninety days from the end of the term, Tenant shall continue to pay the Operating Expenses Rent, then prevailing pursuant to this Lease and Agreement, if applicable. Landlord shall provide a policy of standard title insurance (ALTA policy) satisfactory to Tenant from a reputable title company selected by Tenant insuring the record title of said property in an amount not less than the purchase price to be vested in the Tenant free from any and all adverse claims and/or encumbrances.

33. BASIC SPACE RENT ADJUSTMENT

The Basic Space Rent shall be subject to one adjustment during the term. At the tenth anniversary date of the first day of the first full calendar month following the commencement of this lease, the Basic Space Rent shall be adjusted in accordance with the CPI formula set forth in Paragraph 33B. The "Base Index" shall be the Index published for the month the lease commences.

- B. CPI Formula:** The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Riverside-Orange Co. area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), herein referred to as "Index".

The rental adjustment for the Basic Space Rent shall be calculated by multiplying the Lessor's base rent of \$130,821.60 by a fraction, the numerator being the New Index which is the Index published for the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index which is the Index published for the month the lease commenced, then add or subtract to that total result the Operating Expense Rent (as adjusted pursuant to Paragraph 20 herein), the amount needed to amortize Tenant's additional improvements plus change order costs, if any. By way of illustration, the formula shall be as follows:

$$\begin{aligned} & \left[\frac{\text{New Index}}{\text{Base Index}} \right] \times \$130,821.60 \text{ (Basic Space Rent)} \\ & + \text{the then current Operating Expense Rent} \\ & + \text{Amount needed to amortized Tenant's additional improvements,} \\ & + \text{Amount needed to amortize change order costs, if any} \\ & = \text{New Monthly Rent} \end{aligned}$$

If the Index is changed so that the base year of the Index differs from that used as of the commencement date of the lease, the Index shall be converted in accordance with the conversion factor published by the United State Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are

C. General Provisions:


- ### 34. IRREVOCABLE OFFER

[illegible]

IN WITNESS WHEREOF, the Landlord has executed this Lease or caused it to be duly executed, and the County of Los Angeles by order of its Board of Supervisors, has caused this Lease to be executed on its behalf by the Chairman of said Board and attested by the Clerk thereof the day, month, and year first above written.

LANDLORD

GRAND GLENDORA SERVICES, LLC
A California Limited Liability Corporation

By: 
David A. Parker
Managing Member

ATTEST:

VIOLET VARONA-LUKENS
Executive Officer-Clerk
of the Board of Supervisors

TENANT

COUNTY OF LOS ANGELES

By _____
Deputy

By _____
Chairman, Board of Supervisors

APPROVED AS TO FORM:

Office of the County Counsel

By _____
Deputy: Francis E. Scott

EXHIBIT A - LEGAL DESCRIPTION

DESCRIPTION: THE LAND REFERRED TO HEREIN IS SITUATED IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

THE SOUTH HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, IN THE CITY OF GLENDORA, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND THEREOF.

EXCEPT THEREFROM THE EAST 55.00 FEET OF SAID LAND.

ALSO EXCEPT THEREFROM THE NORTH 8 FEET OF SAID LAND.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LAND HEREINABOVE DESCRIBED; THENCE WESTERLY ALONG THE SOUTHERLY LINE OF SAID LAND A DISTANCE OF 67.00 FEET TO THE MOST WESTERLY CORNER OF THE LAND DESCRIBED IN PARCEL 21-7 IN THE FINAL ORDER OF CONDEMNATION ENTERED IN LOS ANGELES COUNTY SUPERIOR COURT, CASE NO. 851711, A CERTIFIED COPY OF WHICH WAS RECORDED ON DECEMBER 21, 1965 AS INSTRUMENT NO. 3916 IN BOOK D-3 153 PAGE 219 OF OFFICIAL RECORDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY; THENCE NORTHEASTERLY ALONG THE NORTHWESTERLY LINE OF THE LAND DESCRIBED IN PARCEL 21-7 IN SAID FINAL ORDER OF CONDEMNATION TO THE MOST SOUTHERLY CORNER OF THE LAND DESCRIBED IN PARCEL 21-7S.1 IN SAID FINAL ORDER OF CONDEMNATION; THENCE NORTHERLY ALONG THE WESTERLY LINE OF THE LAND DESCRIBED IN SAID PARCEL 21-7S.1 TO THE NORTHERLY LINE OF THE SOUTHERLY 330 FEET OF SAID SOUTH HALF; THENCE EASTERLY ALONG SAID NORTHERLY LINE, 55.00 FEET TO THE EASTERLY LINE OF SAID SOUTHEAST QUARTER, THENCE SOUTHERLY ALONG SAID EASTERLY LINE TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THAT PORTION OF SAID LAND DESCRIBED AS FOLLOWS:

BEGINNING AT THE INTERSECTION OF THE SOUTHERLY LINE OF THE NORTH 8.00 FEET AND THE WESTERLY LINE OF THE EAST 55.00 FEET, BOTH OF THE SOUTH HALF OF THE EAST HALF OF THE NORTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 36, TOWNSHIP 1 NORTH, RANGE 10 WEST, SAN BERNARDINO MERIDIAN, ACCORDING TO THE OFFICIAL PLAT OF SAID LAND THEREOF, THENCE ALONG SAID SOUTHERLY LINE SOUTH 89 ° 34' 49" WEST 283.00 FEET; THENCE LEAVING SAID SOUTHERLY LINE SOUTH 0 ° 25' 11" EAST 137.00 FEET; THENCE NORTH 89 ° 34' 49" EAST 118.00 FEET; THENCE SOUTH 0 ° 25' 11" EAST 35.00 FEET; THENCE NORTH 89 ° 34' 49" EAST 164.10 FEET TO SAID WESTERLY LINE; THENCE ALONG SAID WESTERLY LINE NORTH 0 ° 07' 15" WEST 172.00 FEET TO THE POINT OF BEGINNING.

ALSO EXCEPT THEREFROM THE SOUTHERLY 30.00 FEET OF SAID LAND.

PARCEL 2:

A RECIPROCAL EASEMENT FOR INGRESS AND EGRESS AND INCIDENTAL PURPOSES AS DISCLOSED BY THAT CERTAIN INSTRUMENT ENTITLED "AGREEMENT OF RECIPROCAL EASEMENTS, OPERATION AND COVENANTS, CONDITIONS AND RESTRICTIONS RECORDED MARCH 29, 2000 AS INSTRUMENT NO. 00-0466307 OF OFFICIAL RECORDS.

EXHIBIT B - PLANS AND SPECIFICATIONS

EXHIBIT C - MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this ____ day of ____, 200____, for reference purposes only, by and between Grand Glendora Services, LLC, Landlord and County of Los Angeles, Tenant.

1. THE PARTIES HERETO HAVE ENTERED INTO A LEASE dated as of _____ (the "Lease") for the leasing by Landlord to Tenant of the buildings located at 725 South Grand Avenue, Glendora ("the Premises"). Landlord and Tenant hereby confirm the following:
 - A. That all construction by Landlord has been completed, in all respects subject to any remaining punchlist items;
 - B. That Tenant has accepted possession of the Premises and now occupies the same; and
 - C. That the term of the Lease commenced _____.

IN WITNESS WHEREOF, Landlord and Tenant have respectfully signed this Agreement.

Landlord

GRAND GLENDORA SERVICES, LLC
A California Limited Liability Corporation

By: _____
David A. Parker
Managing Member

Tenant:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate

EXHIBIT D - CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday Through Friday)

- A. Carpets vacuumed
- B. Composition floors dust-mopped
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
- D. Waste baskets, other trash receptacles emptied (excluding any bio-hazard trash receptacles and refuse relating to clinic use).
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door-jambs cleaned.
- B. Window sills, ledges and wood paneling and molding cleaned

3. MONTHLY

- A. Floors washed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions vacuumed.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames cleaned.
- E. Wall vents and ceiling vents vacuumed.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Mini blinds cleaned as required, but not less frequently than Quarterly.
- D. Carpet professionally spot cleaned as required to remove stains.

5. SEMI-ANNUALLY

- A. Windows washed as required inside and outside but not less frequently than twice annually.
- B. All painted wall and door surfaces washed and stains removed.
- C. All walls treated with vinyl covering washed and stains removed.
- D. All vinyl floors waxed.

6. **ANNUALLY**

- A. Carpets cleaned.

7. **AS NEEDED**

- A. Premises should be maintained in good repair, clean and safe condition at all times. The sidewalks, driveways, parking areas and all means of access and egress for the demised.
- B. All lawns, shrubbery and foliage on the grounds of the demised Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

EXHIBIT E - MEMORANDUM OF TENANT IMPROVEMENT COST

This Agreement is dated this _____ day of _____, 200____, for reference purposes only, by and between Landlord, Grand Glendora Services, LLC, and Tenant, County of Los Angeles.

1. **THE PARTIES HERETO HAVE ENTERED INTO A LEASE DATED** as _____ (the "Lease") for the leasing by Landlord to Tenant of the building located at 725 South Grand Avenue, Glendora ("the Premises"). Landlord and Tenant hereby confirm the following:

- A. The final total cost of the tenant improvements is (\$_____).
This is comprised of:

Lease Budget	Tenant Improvement Allowance	Actual Cost	
\$3,270,540.00	Tenant Improvement Allowance included in Base Rent		
\$5,995,990.00	Additional Tenant Improvement Allowance		
\$1,635,270.00	Discretionary TI Allowance		
<u>\$550,000.00</u>	Change Order Allowance		
\$11,451,800.00		\$0.00	

- B. The final total cost of the modular furniture, if applicable, (which is included in Paragraph 1A is _____ (\$_____).

IN WITNESS WHEREOF, Landlord and Tenant have respectfully signed this Agreement.

Landlord

GRAND GLENDORA SERVICES, LLC
A California Limited Liability Corporation

By: _____
David A. Parker
Managing Member Landlord:

Tenant:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate

EXHIBIT F - COMMUNITY BUSINESS ENTERPRISE FORM

INSTRUCTIONS: All Landlords shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

Firm Name

Address

Contact Name

Telephone No.

Total # of Employees

Business Structure*

*Corporation, Partnership, etc.

1. MINORITY/WOMEN PARTICIPATION IN FIRM

	OWNERS	ASSOCIATE
Black/African American		
Hispanic/Latin		
Asian American		
Portuguese American		
A. Indian/Alaskan		
All Others		
TOTAL		
Women*		

*Should be included in counts above and reported separately)

2. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

	TOTAL # OF OWNERS	% OF OWNERSHIP
Black/African American		
Hispanic/Latin American		
Asian American		
Portuguese American		
American Indian/Alaskan Native		
All Others		
TOTAL		
Women*		

*Should be included in counts above and reported separately

3. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

Is your firm currently certified as a minority owned business firm by the:

yes

no

State of California?

City of Los Angeles?

Federal Government?

4. WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS

Initial

Initial here if applicable

SIGNED:

TITLE:

DATE:

EXHIBIT G - CONSTRUCTION SCHEDULE

EXHIBIT H - MEMORANDUM OF LEASE

RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES

WHEN RECORDED MAIL TO:

Chief Administrative Office
Real Estate Division
222 South Hill Street, 4th floor
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Grand Glendora Services, LLC (the "Landlord"), and the County of Los Angeles, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Tenant") who agree as follows:

Landlord and Tenant have entered into that certain Lease and Agreement dated as of _____, 200 __, (the "Lease"). Pursuant to the Lease, the Landlord has leased to the Tenant real property located at 725 South Grand Avenue, in the City of Glendora, County of Los Angeles, State of California, described in Exhibit A attached hereto and incorporated herein by reference, commencing on _____, 200__, and ending on a date twenty (20) years after the rent commencement date, unless such term is sooner terminated pursuant to the terms and conditions set forth in the Lease. Landlord shall be responsible for providing full services, net electricity during the term of the Lease, subject to the terms and conditions of the Lease.

The Lease provides Tenant with an option to purchase the property for the fixed sum of \$1.00 at the end of the term. The specific provisions governing said option are set forth in Paragraph 31 of the Lease. Tenant may exercise the option by written notification to Landlord sixty (60) days prior to expiration of the lease term, or during any extension, option or holdover period. Landlord may not encumber the property with a lien that may result in a greater balance at the end of the term than the purchase option price.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

EXHIBIT I - Intentionally Omitted

EXHIBIT J - TENANT ESTOPPEL CERTIFICATE

To: [Insert name of party to rely on document]

Attn:

Re: Date of Certificate:

Lease Dated:

Current Landlord:

Located at: 725 South Grand Avenue, Glendora

Commencement Date of Term:

Expiration Date:

Rent:

County of Los Angeles ("Tenant") hereby certifies that as of the date hereof:

1. Tenant is the present owner and holder of the tenant's interest under the lease described above, as it may be amended to date (the "Lease"). The Lease covers the premises described above (the "Premises") in the building (the "Building") at the address set forth above.
2. A true, correct and complete copy of the Lease (including all modifications, amendments, supplements, side letters, addenda and riders of and to it) is attached to this Certificate as Exhibit
 - A. The term of the Lease commenced on the Commencement Date set forth above and will expire on the Expiration Date set forth above, including any presently exercised option or renewal term. Tenant has no option or right to renew, extend or cancel the Lease, or to lease additional space in the Premises or Building, or to use any parking other than that specified in the Lease.
 - B. Except as specified in the Lease, Tenant has no option or preferential right to purchase all or any part of the Premises (or the land of which the Premises are a part).
 - C. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other similar rent concession except as expressly set forth in the Lease.
3. The Lease constitutes the entire agreement between Tenant and Landlord with respect to the Premises, has not been modified changed, altered or amended and is in full force and effect. There are:
 - A. To the knowledge of Tenant, Tenant has not given Landlord written notice of a material default under the Lease which has not been cured.
 - B. The interest of Tenant in the Lease has not been assigned or encumbered. Tenant is not entitled to any credit against any rent or other charge or rent concession under the Lease except as set forth in the Lease. No rental payments have been made more than one month in advance.

4. All contributions required to be paid by Landlord to date for improvements to the Premises have been paid in full and all of Landlord's obligations with respect to tenant improvements have been fully performed.

IN WITNESS WHEREOF, the Tenant has executed this Tenant Estoppel Certificate as of the day set forth above.

COUNTY OF LOS ANGELES

By: Chuck W. West
Director of Real Estate

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: CHILDREN AND FAMILY SERVICES, as Tenant

LANDLORD: GRAND GLENDORA SERVICES, LLC

a California Limited Liability Corporation

[725 South Grand Avenue, Glendora]

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2004, executed concurrently herewith, by and between GRAND GLENDORA SERVICES, LLC as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. **Basic Work Letter Information.** The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

- | | |
|--|--|
| (a) <u>Base Tenant Improvement Allowance</u> | \$3,270,540 |
| (b) <u>Additional Tenant Improvement Allowance</u> | \$5,995,990 |
| (c) <u>Discretionary Tenant Improvement Allowance</u> | \$1,635,270 |
| (d) <u>Maximum Change Order Allowance</u> | \$550,000 |
| (e) <u>Additional and Discretionary Tenant Improvement and Change Order Amortization Rate:</u> | 8% per annum |
| (f) <u>Basic Rent Reduction</u> | None |
| (g) <u>Tenant's Work Letter Representative</u> | Manuel Martinez (213) 974-4162
Maurice Salama (213) 974-4157 |
| (h) <u>Landlord's Work Letter Representative</u> | David A. Parker (213) 534-3248 |
| (i) <u>Landlord's Address for Work Letter Notice</u> | 800 West Sixth Street, 5 th Floor,
Los Angeles, CA 90017 |

(j) Tenant's Address for Work
Letter Notice Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
Fax Number: (213) 633-5100

With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

(k) Addenda

Addendum A: Base Building Improvements
Addendum B: Tenant Improvements
Addendum C: Form of Budget
Addendum D: Cost of Tenant
Improvements

2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 **Additional Costs Not Tenant Improvement Costs**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, but not the extension of the fire sprinkler heads below the drop ceiling level, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, when it becomes a code requirement (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply

with any mechanical or electrical requirements set forth in the Lease, or (v) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

(d) Landlord shall be solely responsible for all costs and expenses necessary to effectuate seismic compliance with County of Los Angeles Department of Public Works Seismic Criteria for County Owned or Leased Buildings.

(e) Landlord shall be solely responsible for all costs and expenses associated with the provision of new HVAC equipment necessary to accommodate standard office occupancy and use and increase/improve the roof load structural capacity to accommodate the weight of the new equipment.

(f) Landlord shall be solely responsible for all costs and expenses necessary to provide new window cuts of specified dimension, structural reinforcement, window frames, mullions and glazing not to exceed 18 in number of new windows.

2.3 Base Building Plans. Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant or Landlord Delay, as defined below.

3. Selection of Architect and Engineer. Landlord shall promptly solicit at least three (3) proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three (3) business days after Landlord has submitted the name of the Architects and the Engineers to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. Selection of Contractor The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three (3) bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans, together with a list of all major sub-contractors. Major sub-contractors as used herein shall mean any sub-contractor responsible for a portion of the work with a compensation amounting to five percent (5%) or more of the total general contractor bid. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. Preparation of Plans and Specifications and Construction Schedule.

5.1 Preparation of Space Plan. Concurrently with the execution of this Lease, Tenant shall submit to Landlord a Space Plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 Approval of Space Plan. Within two (2) days after Landlord receives the Space Plan, Landlord shall either approve or disapprove the Space Plan. Any disapprovals must be only for reasonable and material reasons which shall be limited to 1) a material adverse effect on the Building structure; (2) possible damage to the Building mechanical systems, (3) non-compliance with applicable codes, or (4) material adverse effect on the exterior appearance of the Building.

5.3 Revisions to Space Plan. Tenant shall make the changes necessary in order to correct the matters in the Space Plan disapproved by Landlord and shall return the Space Plan to Landlord, which Landlord shall approve or disapprove within one (1) day after Landlord receives the revised Space Plan. This procedure shall be repeated until written approval of the Space Plan by Landlord has been delivered to Tenant. The Space Plan may be submitted by Tenant in one or more stages and at one or more times, and the time periods for Landlord's approval shall apply with respect to each such portion submitted.

5.4 Preparation and Approval of Working Drawings. Within ten (10) days of the date the Space Plan is approved by Landlord (the "Plan Approval Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord, and/or his Architect shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.5 Preparation and Approval of Engineering Drawings. Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.6 Integration of Working Drawings and Engineering Drawings into Final Plans. After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five (5) sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone

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communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.7 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy, completeness or correctness of the design of the Tenant Improvements. Landlord shall be solely responsible for any omission.

5.8 Schedule. Within thirty (30) days after the Plan Approval Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within thirty (30) days after the Plan Approval Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget" in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten (10) days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five (5) days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five (5) day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. Basic Rent has been agreed upon by Landlord and Tenant with the intention that the costs of the Tenant Improvements ("Tenant Improvement Costs") will not exceed the Tenant Improvement Allowances, as delineated in the Lease. All improvements required by the Working Plans and identified as Tenant Improvements pursuant to the Work Letter shall be treated as such and shall be billed to Tenant. Should Landlord project that the Tenant Improvement costs will exceed the Tenant Improvement Allowances, as set forth in the Lease, for any reason, Landlord shall confer with Tenant before proceeding with the actual construction to either eliminate certain components from the construction plan to reduce the cost, or to obtain written approval from the Chief Administrative Officer to increase the Allowances; otherwise, Landlord shall be solely responsible for any budget overrun. Landlord shall be solely responsible for any delay or increased cost in

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completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below.

6.3 Payment of Additional Tenant Improvement Allowance.

(a) Method of Payment. The Additional Tenant Improvement Allowance may, at Tenant's election, (i) be paid in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) may be amortized over the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term pay Landlord in a lump sum for all or any portion of the Tenant Improvement Cost. Should Tenant Improvement Costs be less than the Tenant Improvement Allowance, then Landlord shall reduce the Basic Rent charged under the Lease by the Basic Rent Reduction amount for each One Thousand Dollars (\$1,000) that the cost is less than the Tenant Improvement Allowance.

(b) Statement of Adjustments. Within thirty (30) days after the Commencement Date, Landlord shall prepare and submit to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord, or by Landlord to Tenant, in order to adjust the amount of any previous payments by either party to the other pursuant to this Landlord's Work Letter to the amount payable by or to such party based on the total actual Tenant Improvement Costs. Within thirty (30) days after submission to Tenant of the foregoing statement, Tenant shall pay Landlord, or Landlord shall pay Tenant (as applicable), the adjustment amount.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after three bids have been solicited from responsible and qualified persons. Landlord shall submit three sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. It is County's policy to allow an overhead and profit margin of between five to seven percent (5% - 7%) of the actual labor for all contractors, and a two to three percent (2% - 3%) for Landlord's management fees, overhead and profit. Excesses beyond those limits will have to be approved in advance by the Tenant. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within fifteen (15) days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of non-responsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors which are applicable to the work, are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within sixty (60) days after substantial completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes (or on a compact disk (CD)) in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The Authorized Change Order Amount set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Authorized Change Order Amount. Tenant may elect to pay for Change Orders (a) in a lump sum

upon Substantial Completion of the Tenant Improvements, or (b) amortize the costs over the term of the Lease at the Change Order Amortization Rate set forth in the Lease. Landlord shall submit to the Chief Administrative Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Administrative Officer.

9. **Audit.**

9.1 **Tenant Improvement Allowance.** For purposes of ascertaining the actual cost of the Tenant Improvements, Landlord shall provide to Tenant, upon Substantial Completion of the Tenant Improvements, a detailed breakdown of the total costs of constructing the Tenant Improvements and execute a summarized breakdown of the total costs of the Tenant Improvements in the form of Addendum D attached hereto.

9.2. **Audit.** Tenant may audit the costs of the Tenant Improvements and Change Orders for a period of twenty-four months from the date of Substantial Completion of the Tenant Improvements.

10. **Delay.**

10.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 10.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

10.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within forty eight (48) hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, and if no rebuttal from Tenant within forty-eight (48) hours, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$50,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) Concurrent Delays. Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten (10) days of Tenant Delays and four (4) days of Force Majeure Delays which occur during the same ten (10) day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten (10) days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by fourteen (14) days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

11. Default. Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

12. Representatives.

(a) Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

13. Construction Meetings. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five (5) days of the date the Contractor is selected.

14. Delivery. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

GRAND GLENDORA SERVICES, LLC

By: _____
Name: _____
Title: _____
Date Signed: _____

TENANT:

COUNTY OF LOS ANGELES, a body politic and corporate

By: _____
Name: _____
Title: _____
Date Signed: _____

ADDENDUM A TO LANDLORD'S WORK LETTER

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building outside the scope of all tenant improvements and tenant improvement allowances as specified in the lease to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water in compliance with all applicable code requirements for office space;

(d) parking facilities;

(e) exterior plazas and landscaping;

(f) loading dock;

(g) electrical/telephone closet with not less than seven (7) watts per square foot of rentable area of normal power in the floor electrical closet;

(h) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on all floors, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(i) two (2) 208/120 and one (1) 480/277 volt panels connected to the Building power system;

(j) mechanical equipment room with ducted mechanical exhaust system;

(k) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of fifty (50) pounds per square foot and a partition load of twenty (20) pounds per square foot;

(l) standard window coverings;

(m) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;

(n) hot and cold air loops located within the Premises, if any;

(o) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;

(p) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;

(q) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and

(r) In addition, pursuant to the attached correspondence dated April 8, 2004, the following items will be performed outside the scope of the base and additional tenant improvement allowances:

- Structural reinforcement to meet current code and Department of Public Works (DPW) criteria.
- All interior demolition.
- Bringing existing fire sprinklers to code. However, dropping the heads below the ceiling level will be part of the tenant improvements.
- Adding bar grills to existing skylights.
- Testing existing concrete floor for sweating and sealing the floor to prevent humidity/moisture penetration.
- Testing and correcting any deficiency in electrical switch gear, breakers and mechanical equipment.
- All exterior improvements, including but not limited to, loading ramp backfilling and compaction, provision of access ramps in compliance with ADA requirements, new trash enclosure, glass enclosure of existing overhang, screening of roof equipment, modifications to the front elevation of the building, re-surfacing and re-striping of the parking area.

ADDENDUM B TO LANDLORD'S WORK LETTER
TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies;
- (c) Interior finishes of any kind within the Premises;
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and re-heat coils or other HVAC or air distribution devices to or within the Premises;
- (f) Tenant's furniture, fixtures and equipment, including telephones, computers and cabling if provided by Landlord
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.

ADDENDUM C TO LANDLORD'S WORK LETTER
FORM OF BUDGET

ADDENDUM D TO LANDLORD'S WORK LETTER
COSTS OF TENANT IMPROVEMENTS